



# **Review of the Courtyard Centre for the Arts**

## **Report by The Courtyard Review Group – June 2006**

**As presented to the Community  
Services Scrutiny Committee**

**6th June 2006**

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## **1.1 Introduction**

- 1.2 The purpose of the Review was to monitor the recommendations and suggestions made by the Courtyard Review Group arising from the Review of the Courtyard Centre for the Arts which reported to the former Social and Economic Development Scrutiny Committee in January 2006.
- 1.3 The Report of the Courtyard Review Group was later accepted by Cabinet who in addition to accepting and amending the Review Group's recommendations requested that the Review Group be reconvened at a later date to monitor progress made with the implementation of the Review Group's recommendations which it had accepted.
- 1.4 The new Review Group was established by the Community Services Scrutiny Committee at its meeting on 24 September 2005. Councillor J. Stone was unable to serve on the new Review Group due to being appointed as Vice-Chairman of the Council as well as becoming a Council representative on the Courtyard Trust Board. Councillor H. Bramer, was appointed Vice-Chairman of the Community Services Scrutiny Committee in place of Councillor Stone and was therefore appointed Chair of the Review Group. Councillor M.R. Cunningham joined the Review Group alongside previous Members Councillor Mrs. S.P.A. Daniels and Councillor J.G.S. Guthrie. A copy of the approved scoping statement including terms of reference and membership is attached at Appendix 1.
- 1.5 The Review was undertaken between October 2005 and February 2006 and this report summaries the key findings of the Review and contains recommendations to the Cabinet Member (Community Services).
- 1.6 The Review Group would like to express their thanks to the many people who have presented evidence during the Review. The Review Group would like to express their particular thanks to Martyn Green, Chief Executive of the Courtyard Centre for the Arts and his staff for all of their co-operation and assistance.

## **2.1 Background**

- 2.2 The previous review had made seven recommendations to be implemented by Cabinet and the Courtyard. The report also contained seventeen suggestions for consideration by the Courtyard. A summary of these recommendations and suggestions can be found at Appendix 2.
- 2.3 The first report of the Courtyard Review Group went to Cabinet on 17 February 2005. Cabinet accepted all of the Review Group's recommendations except the recommendations made regarding the length of the new grant.
- 2.4 The original Review had recommended that the Courtyard be awarded a one-year funding deal with the intention that it would investigate a number of income generation activities in order to increase its revenue and thus contribute to the reduction of the overall budget deficit and reduce its reliance on grant funding. The Review Group had

suggested that if it was considered the Courtyard was doing all it could to improve its income generation then the venue should be awarded a five-year grant.

- 2.5 Cabinet considered this along with evidence from the Arts Council which informed them that if the Courtyard was only awarded a one-year grant then it was likely to have a negative effect on the size of its grant to the arts centre when its current two-year deal ended on 31st March 2006.
- 2.6 After considering this, Cabinet decided to award the Courtyard with a three-year grant until 31st March 2008. This grant was to reduce by £12,000 per annum in line with the efficiency savings that the Council was expected to make. After discussions with the Courtyard it was decided that the £12,000 reduction should be made proportionately from the Council's revenue grant and the separate Capital Repairs and Maintenance Fund (CRMF). Therefore the revenue grant was reduced by £10,000 and the CRMF by £2,000. This was a one off reduction and the following two years of the grant would increase by inflation. Following these reductions in 2005/06 Herefordshire Council provided the Courtyard with £312,152 in grant funding, including the final installment of a loan payment. The Council also paid £58,000 into CRMF. Money from the CRMF is only paid to the Courtyard after the Council has given its permission for works to take place.
- 2.7 Cabinet also requested that the Review Group be reconvened so that progress with the implementation of its recommendations and suggestions could be monitored. This report is the conclusion of the requested investigation.

### **3.1 Methodology**

- 3.2 In order to complete the Review the Review Group decided that a number of meetings would need to be arranged so that the necessary evidence could be gathered.
- 3.3 It was decided that it would be necessary for the Review Group to visit the Courtyard in order to assess if any physical changes had taken place.
- 3.4 Following the visit the Review Group would then interview senior staff at the arts centre to ascertain what actions had been taken or been considered since the previous review had taken place.
- 3.5 The Review Group had also made recommendations and suggestions for implementation by the Council. Therefore it was considered necessary to meet with various Council Officers to discuss the progress of the recommendations and suggestions accepted by Cabinet in February 2005.
- 3.6 The Review Group also discussed how it was going to complete the benchmarking exercise which was a part of this review. In order to minimise the cost of the Review the Review Group decided to refrain from visiting each venue and requested that a desktop benchmarking exercise be undertaken.

### **4.1 Tour of the Courtyard Centre for the Arts**

- 4.2 The Review Group visited the Courtyard on 8th November 2005 and received a comprehensive tour of the building from Lucy Wells, Business Development Manager

and Kate Pedan, Education and Outreach Worker. The Review Group would like to thank Lucy Wells and Kate Pedan for an interesting and informative tour.

- 4.3 The Review Group had last visited the arts centre in October 2004 and on that visit had been concerned to learn about a series of significant problems with the building and its functions. Notably concerning the maintenance of the lift, leaking roofs and health and safety issues.
- 4.4 Following the visit the Review Group was pleased to hear that the aforementioned significant problems had been resolved. All leaks at the time of the previous Review had been repaired, a new lift had been installed and the large patio style windows in the first and second floor offices had now been fitted with safety devices. The Review Group was also pleased to note that a fire exit on the car park facing side of the building had been adapted to form a regular public entrance.
- 4.5 Another success to note was the innovative creation of new office space. A room which was previously used for storage had now been adapted into a two floored office space for the technical team. A new larger storage compartment had been added in the car park at the Courtyard. The relocation of the technical team to the room previously used for storage had allowed the venues marketing team to relocate to a larger office.
- 4.6 On the tour the Review Group were pleased to learn that the Alloy Jewellers Organisation which occupied a room on the top floor of the arts centre was now paying an annual rent of £600 to the venue. The Review Group also learnt that a retail shop franchise had been considered with a local provider but the offer had been considered unviable due to the initial capital outlay and the low levels of revenue which had been offered in return.
- 4.7 The Review Group heard of many other activities that were on going at the arts centre. Perhaps the most significant of these was that talks and plans were at an early stage regarding the possibility of extending the current premises at the Edgar Street site. The Review Group were interested to hear this and would like to be informed of progress with the scheme in the future.

#### **5.1 How does the Courtyard's business performance compare against appropriate benchmark venues.**

- 5.2 The last Review was criticised by the Courtyard, as it had not engaged with any benchmarking work. Therefore the Review Group decided to compare the performance of two venues identified by the Courtyard at the meeting of the former Social and Economic Development Scrutiny Committee on 22 March 2006.
- 5.3 The venues which the Review Group compared to the Courtyard were the Brewery Arts Centre (BAC), Kendal and the Castle, Wellingborough. The Review Group was informed that the Castle was used as a model when the Courtyard was being developed.
- 5.4 As mentioned earlier, in order to keep the costs of the Review down the Review Group decided not to visit any of the benchmark venues and instead undertook a desktop benchmarking exercise.

5.5 Copies of the latest available accounts of the two benchmark venues were acquired from the Charity Commission. These accounts were then passed on to a Council Accountant who analysed and prepared a summary for the Review Group. A copy of this summary can be found at Appendix 3.

5.6 The principal points arising from the analysis were:

*Note: BAC and Castle accounts were from financial year 2003/04 whereas the Courtyard Accounts analysed were 2004/05.*

- The BAC was the largest organisation (turnover £2.2m) the Courtyard second (turnover £1.9m) and the Castle third (turnover £940,000)
- Both the Courtyard and the Castle were owned by their respective local authorities
- BAC was privately owned. This conclusion could be drawn as the BAC has millions of pounds of assets – its venue.
- Both benchmark venues made a loss in 2004/05. The BAC lost £53,000 and the Castle £9,000.
- The Castle received the most Local Authority funding, £420,000, the Courtyard received £406,000, and the BAC received £113,000
- The Courtyard received the most funding from the Arts Council, £199,000, the BAC received £148,000 and the Castle received no funding at all from the Arts Council.
- Therefore the Courtyard was the most heavily supported arts centre of the three receiving a total of £605,000 from the Local Authority and Arts Council compared to £420,000 from the Local Authority only at the Castle and £261,000 combined for the BAC.
- Donations were approximately £50,000 at each venue.
- The Courtyard spends £57,000 more on productions (£745,000) compared to the BAC (£688,000). The Castle spent £186,000 on productions. This is likely to be due to the conditions placed on the Courtyard by the Arts Council to be a producing house.
- All three arts centres had current liabilities in excess of their current assets. The Courtyard is the only venue that would have difficulty in repaying its debts as they fell due. The Castle has a large amount of money in the bank (£139,000) and as mentioned earlier the BAC has millions of pounds worth of assets.

5.7 The Review Group was also informed of various differences between each of the arts centres trading operations. The principal differences identified from the analysis were:

- The BAC made a surplus of £200,000, the Castle £18,000 and the Courtyard £8,000
- Income from admissions was £35,000 higher at the BAC (£713,000) than at the Courtyard (£678,000). Income for admissions at the Castle (£185,00) was £493,000 less than that at the Courtyard.

5.8 The above points were noted by the Review Group and led to the further investigation of the Courtyard Trading Company as described later in this report.

5.9 The Courtyard provided the Review Group with a summary of differences between each arts centre's trading companies. Most of this information was commercially sensitive but the general differences are summarised below.

- 5.10 The BAC is in the main high street in Kendal, which is a major tourist town near the Lake District. As it is located in the high street the BAC attracts a lot of passing trade many of whom do not use the arts centre, only the trading company facilities, due to a lack of competition generally in the town.
- 5.11 At the Castle the trading company was not a separate company to the wider Trust like at the Courtyard so therefore the catering facilities were not burdened with any overheads like the Courtyard Trading Company. The Courtyard informed the Review Group that if the CTC's overheads were removed then its profitability would increase by £15,000.
- 5.12 On another note, ice cream sales and merchandise sales, which are worth approximately £30,000 a year at the Courtyard, were counted as part of the income figures for the Courtyard Trust rather than the CTC.
- 5.13 The Review Group note that each arts centre and trading company has its own unique set of circumstances, however, the desktop benchmarking exercise proved useful and allowed the Review Group to compare the Courtyard's performance to the other two centres.
- 5.14 The principal conclusion drawn from the exercise was that the Review Group believes that the CTC could significantly increase its income. As a target the Review Group would like to see the CTC turnover be higher than the level of income gained through admissions.

## **6.1 Investigation into the success or otherwise of the implementation of the recommendations of the Courtyard Review Group.**

- 6.2 As well as visiting the Courtyard and performing a desktop benchmarking exercise the Review Group met with senior staff from the arts centre and senior staff and a board member from the Courtyard Trading Company. The Review Group met Martyn Green, Chief Executive; Todd Fower, Finance Manager; and Lucy Wells, Business Development Manager on 14th December 2005 and Simon Davies, Head of Catering and Roger Temple, Chairman of the Board of the Courtyard Trading Company on 1st February 2006. It is these interviews which form the basis of the information in this section of the report.
- 6.3 In the Review Group's original report seven recommendations and seventeen suggestions were made. As already mentioned some of these recommendations were aimed at the Courtyard and others at Herefordshire Council. This section of the report will focus on those recommendations and suggestions which were aimed at the Courtyard Centre for the Arts.
- 6.4 The principle recommendation made to the Courtyard from the previous review was: *"The suggestions for additional income generation measures and improving financial viability contained in this report are considered and actioned by the Courtyard where they are considered financially viable."*
- 6.5 The Review Group investigated how the Courtyard had responded to each of the suggestions made from the previous Review and their findings are detailed below.

- 6.6. On the visit to the Courtyard in October 2005 the Review Group heard that the arts centre had considered establishing a **retail shop** within the building. Investigations had revealed that a £20,000 capital outlay was required to create a secure space within the foyer area. However, it was the revenue costs which were considered most prohibitive by the Courtyard and in particular staffing costs. The Friends of the Courtyard were consulted and felt unable to take on the running of such an operation on a voluntary basis in addition to the other valuable work they already contributed to the Centre.
- 6.7 The Courtyard also felt that they were unlikely to attract the sort of customers who would wish to purchase souvenirs. However, when the Review Group met with the Courtyard management it was revealed that they were keen to develop an arts and crafts style shop selling locally made items and goods which had principally been produced by the arts centre's residents. They felt that a shop could be operated on a franchise basis with a sales commission paid to the Courtyard. The Courtyard was also keen to see a book franchise annexed to the arts and craft shop. These retail proposals were ideas which were to be considered as part of the Courtyard's plans to extend the building, and therefore it could be some time before these ideas came to fruition.
- 6.8 The Review Group were pleased to hear that this suggestion had been considered, however, they were of the opinion that the ideas that the venue were having should be implemented even if the venue was unsuccessful in its plans to extend its current premises with the shop being housed within the current foyer area. The Review Group believe that it would be possible to secure a franchisee who would operate a retail shop in the Courtyard and take the financial burden of the initial capital outlay.

#### 6.9 Arts and Crafts

- 6.10 The Review Group heard that the additional demands of hosting their own **arts and craft fair**, in addition to the annual fair sponsored by the Council, far outweighed the benefits of holding such a fair. The Courtyard reported that the Council sponsored fair took a year to organise and had the support of a dedicated crafts officer to oversee the fair from creation to delivery. The Courtyard could not commit such resources to organising and running their own fair.
- 6.11 The Courtyard felt that the sale of art already contributed a small but key part in its annual turnover. It was hoped that the Arts Council's new 'Own Art' scheme, whereby individuals can borrow money from Arts Council to purchase works of art, would help to increase the number of sales that took place at the Courtyard, where the venue took 15% commission on all works of art sold in its gallery. The Review Group also heard that the Arts Council grant, received to maintain a gallery was likely to provide more income than could be generated through charging hire fees and displaying more works of art.
- 6.12 The Review Group felt that if properly managed it would be possible for the Courtyard to create more income through operating a commercial gallery rather than relying on a grant from the Arts Council. If the Courtyard does not want to lose its grant from the Arts Council for the current gallery space then the Review Group would like to suggest that the Courtyard investigates the possibility of operating a separate commercial gallery in another space within the venue.



6.13 The Review Group also believes that the **sale of art** is something which should be pursued when a retail shop is delivered. The Review Group also felt that signage to the second floor gallery still needed to be improved.

**6.14 Cinema**

6.15 Expansion of the current Cinema activity was another area in which it was believed the Courtyard could raise its income levels. Therefore the Review Group were disappointed to hear that film audiences and consequently film income had dropped considerably in the first eight months of 2005/06 compared to the previous two years.

6.16 The table below indicates the audience numbers at the Courtyard in the first eight months of the last three years:

| <u>2003/4</u>         |               | <u>2004/5</u>         |               | <u>2005/6</u>         |               |
|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|
| <b>8 months shows</b> | <b>34,159</b> | <b>8 months shows</b> | <b>42,485</b> | <b>8 months shows</b> | <b>37,216</b> |
| <b>8 months films</b> | <b>8,940</b>  | <b>8 months films</b> | <b>9,410</b>  | <b>8 months films</b> | <b>6,235</b>  |
| <b>8 months total</b> | <b>43,099</b> | <b>8 months total</b> | <b>51,895</b> | <b>8 months total</b> | <b>43,451</b> |

6.17 However, the Review Group heard a downturn in audience figures was a national trend which it was hoped would improve in the latter half of the year.

6.18 The Review Group learnt that Cinema figures improved considerably in the latter half of 2005/06. From April to October 2005 only 4,959 cinema tickets were sold. From November 2005 to March 2006 15,489 tickets were sold. This is credited to an improvement in the available film product and the wider distribution of the centre's film brochure. However, even though cinema audience figures drastically improved in the latter half of 2005/06 figures were still down 7% on the previous year.

6.19 The fact that the Courtyard sold over 15,000 cinema tickets between November 2005 and March 2006 is an indication of the potential income that can be earned through cinema sales. The Courtyard's position as a cinema provider in Hereford is strengthened as there is little cinema competition in Hereford compared to other cities. This leads the Review Group to conclude that a dedicated cinema space should be pursued as the Courtyard has a captive audience. Once spin off sales of drinks, ice cream and other goods are added together with ticket sales income from cinema could be a huge income generator for the Courtyard. Therefore the Review Group would like to recommend that the Courtyard seeks to develop a permanent cinema space at the centre, even if the venue does not expand, due to the potential high levels of income it could earn.

6.20 There was some good news in relation to cinema development at the Courtyard. The Review Group heard that the UK Film Council had donated £60,000 of digital equipment to the venue. This was a part of the development of next generation projection equipment which would see a move away from the traditional 35mm projection equipment. With this new technology the Courtyard should be able to reduce costs and host a more diverse array of films as, in the future, films would not need to be transferred to 35mm film. This could also allow the production of more 'art house' cinema. Venues could therefore save on transportation costs as films could be downloaded from the internet.

- 6.21 Screen West Midlands (SWM) had provided £1,980 to support the Junior Media Club which takes place every Saturday. The Courtyard had also seen its audience development grant from SWM increase from £6,500 to £9,750. This additional income had enabled the Cinema Club to be developed and for a significant piece of audience research to be undertaken.
- 6.22 The Review Group were informed that the long term plan for cinema provision at the arts centre was for a dedicated cinema space to be created as part of the premises extension plan.
- 6.23 The Review Group was concerned to hear that audience figures had declined in the current year but appreciated that it was part of a national trend. The Review Group were pleased that the children's cinema was being encouraged through the development of the Junior Media Club and, that with the aid of a grant of SWM, work was being undertaken to maintain and develop its core cinema business with the Cinema. The Review Group was also pleased to hear that a permanent cinema space was to be pursued within the overall plans to extend the Edgar Street premises. The Review Group believe that a dedicated cinema should be a good income generator for the arts centre, due to the relatively low costs associated with showing films, compared to live performances, and would like the Courtyard to develop a dedicated cinema space even if the centre does not extend.

#### 6.24 **Live Music**

- 6.25 The Review Group had been informed that Live Music was being developed through partnership work with the Arts Council. The Arts Council were providing the venue with a £16,000 annual subsidy for two years as part of its 'Orchestra Live' programme for middle scale arts centres to host top quality Orchestras. This feature was the showpiece of the Courtyard's annual music programme.
- 6.26 The Review Group were also pleased to learn that the **health and safety** issues with regard to the large patio style doors in the first and second floor offices at the Courtyard had been fitted with safety devices to prevent them opening dangerously wide. Although the Review Group did learn of a new health and safety issue whilst on their tour. The aforementioned offices were prone to leaks during periods of heavy rain which was causing a potential danger to staff due to the high volume of electrical equipment in use in these areas. The Review Group strongly recommends that, if not already solved, this issue be dealt with the highest priority.
- 6.27 On another note the Review Group are pleased to report that the first floor office space at the arts centre is occupied by outside arts organisations who all pay rent to the Courtyard. However, the Review Group feel that the rent these organisations pay should be in line with the current value of a similar space in Hereford City Centre.
- 6.28 In terms of compliance with the **Disability Discrimination Act** the Review Group are pleased to report that the problems with the lift are now resolved. After many years of problems the lift at the Courtyard has now been replaced using funds made available to the Courtyard through the sinking fund.

- 6.29 **Road signage** is still an issue for the Courtyard. The Review Group were disappointed that no new road signs indicating directions to the venue from various routes into Hereford had materialised. Following on from comments made by the Courtyard last year the Review Group would like to emphasise that it is the responsibility of the arts centre, not the Council, to initiate and pay for improvements to road signage.
- 6.30 The Review Group was also pleased to hear that the **Alloy Jewellers** were now paying a rent of £600 to the Courtyard. However, the Review Group felt that this charge was still too low for the facilities provided. The Review Group believe that the rent for the Alloy Jewellers should increase to a fair market rental value in line with the cost of other City Centre workshop spaces and include the real costs of utilities and services or the Jewellers should relocate to another premises and free up much needed office space.
- 6.31 **Sponsorship and Revenue Streams**
- 6.32 One of the suggestions from the previous Review was that the Courtyard should do more to raise income through sponsorship and other revenue streams such as the trust fund sector. At the time of the previous Review, Lucy Wells, Business Development Manager had only recently been appointed. The Review Group were pleased to hear that the work of the Business Development Manager was progressing successfully and that a significant sum was raised every year through corporate sponsorship and membership; Friends scheme; trusts and foundations; advertising and other forms of individual giving such as donations and 'sponsor a seat' schemes.
- 6.33 The Business Development Manager is targeted to raise £69,000 a year which includes her own salary.
- 6.34 The most lucrative forms of raising money are Corporate Membership and the Friends Schemes. The Courtyard currently has 19 Corporate Members who are signed up to one of the three levels of Corporate Membership. The Review Group learnt that a new fourth and lower level of Corporate Membership was being developed in order to increase the number of smaller local companies who can associate themselves with the arts centre. Corporate Members often sponsored events at the Courtyard, for example, Bulmers sponsor the successful bi-monthly Comedy Club nights.
- 6.35 In addition to Corporate Members, the Courtyard has also developed around 25 partnership arrangements with local companies who provide benefits in kind to the Courtyard. A good example of this is Peter Nash cars who have provided the Courtyard with a co-branded van.
- 6.36 The Friends of the Courtyard are a great source of income and voluntary assistance for the Courtyard. There are currently over 1,000 Members of the Friends scheme who raise income for the Courtyard through their annual membership fees and through the numerous and varied fund raising schemes which they participated in. The Friends bring in up to £10,000 of much needed funding to the arts centre each year as well as being a willing source of labour through assisting with publicity campaigns and by stewarding performances – all on a voluntary basis. The Review Group would like to applaud the Friends for all their hard work which goes towards supporting the Courtyard.

6.37 As well as Corporate Sponsorship and the Friends scheme a significant amount of money was being raised by the Business Development Manager through the trust fund sector. The most notable successes to report are:

- £10,000 from the Sylvia Short Trust over three years to fund free coaches for schools to the arts centre
- £10,000 from the Clore Duffield Foundation to support a *Poetry In Motion* with schools
- £10,000 from Arts and Business to fund the development of the Corporate Membership scheme.

6.38 The Review Group would like to congratulate the Business Development Manager for the valuable work which she undertakes at the Courtyard with which they were most impressed.

6.39 The Review Group was supplied with a copy of an **Economic Impact Study** that was carried out on behalf of the Courtyard by the Arts Council in April 2005. The study, conducted by Professor Dominic Shellard of Sheffield University, showed the impact that the Courtyard has on the local economy by the venue itself and the people who use it.

6.40 A table summarising the value added to the local economy by the Courtyard and other arts centres throughout the Midlands including and excluding each venues respective turnover is set out below. A copy of the full report by Professor Shellard is attached at Appendix 4 to this report.

|                              | Formula 1 (excluding turnover) | Formula 2 (including turnover) |
|------------------------------|--------------------------------|--------------------------------|
| The Courtyard, Hereford      | £4,172,851                     | £6,521,004                     |
| Ludlow Assembly Rooms        | £2,905,798                     | £3,627,026                     |
| The Drum, Aston              | £2,619,627                     | £5,891,997                     |
| Old Rep Theatre, Birmingham  | £903,444                       | £972,056                       |
| Arena Theatre, Wolverhampton | £724,136                       | £1,371,741                     |
| Arts Alive                   | £103,856                       | £255,232                       |

6.41 The Review Group recognise the valuable contribution the Courtyard makes to the local economy and hope that this value continues to increase in the future.

#### 6.42 **Developments to the Premises**

- 6.43 During the tour of the Courtyard the Review Group learnt that plans were being made, and early discussions taking place, with regard to working up proposals to **extend** the Edgar Street premises. This included seeking permission from Herefordshire Council, as the venue's landlord.
- 6.44 To date various applications have been submitted to funding bodies in an attempt to raise an initial fund to undertake a feasibility study. Should these applications be successful a feasibility report should be available sometime during the summer. Courtyard management also met representatives from Advantage West Midlands in December 2005 to discuss the proposal and its regional significance in respect of the development of cultural industries. The Courtyard management was also keen to participate and integrate within the proposed Edgar Street Grid development.
- 6.45 The Review Group were pleased to see the Courtyard being ambitious by seeking to extend the range of activities it has to offer. The Courtyard Trust is still a relatively new organisation which is still carrying a large budget deficit dating back to its conception. Whilst recognising that the venue has the potential to increase income with a larger venue the Review Group are anxious that the Courtyard does not take on too much too soon.
- 6.46 The Review Group heard on a number of occasions that the location of the venue is perceived to be a disadvantage and may be a deterrent to any further developments. However, with proposals for regeneration currently underdevelopment the Courtyard could become more integrated with the city centre.

#### 6.47 **Financial Performance**

- 6.48 One of the principal concerns of the Review Group is the financial performance of the venue. The Courtyard is currently carrying a budget deficit of £192,047 (made up of £183,000 from the Courtyard Trust and £9,000 from the Courtyard Trading Company). In 2004/05 the business recorded an operating surplus of £117,000, however, £100,000 of this surplus is attributable to a one off grant from Herefordshire Council.
- 6.49 The Courtyard has one final payment of £5,000 to make to Herefordshire Council to fully repay a loan that was used to cover start up costs after the initial building project overspent. When this loan has been repaid, the Courtyard will be free to concentrate on addressing its budget deficit.
- 6.50 When the Review Group met with the Courtyard's Financial Manager in December 2005 they were concerned to be informed that the organisations budget position was approximately £30,000 short of its target. The Review Group were informed at that time that measures were being implemented to address the problems with the aim of at least breaking even for that financial year. The measures being implemented included adapting the second half of the venue's scheduled performance programme to include more mainstream events.
- 6.51 Unfortunately this adaptation in programme was unable to recover the bad start to the financial year and the Review Group are disappointed to report that the Courtyard Trust recorded a deficit of £32,872 in 2005/06. The Review Group are bitterly disappointed

that the Trust has recorded a deficit particularly after it recorded a surplus in the previous two years. It is imperative that the Courtyard begins to consistently return surpluses therefore the Review Group urge the venue to consider additional ways in which the venue can increase its level of additional income generation.

- 6.52 The Review Group are aware that as a registered charity the Courtyard does not exist to produce large profits for corporate shareholders. However, it is the Review Group's firm belief that the venue should at the very least break even each year and in the short term it is essential that the Courtyard return a surplus so that its budget deficit can be addressed. The Review Group applauds the adaptation of the latter half of the venue's annual programme to become more mainstream in order to try to solve the budget shortfall. The Review Group would even like to go as far as to suggest that, at least until the overall budget deficit problem has been addressed, the Courtyard should proceed with a more mainstream programme. A more mainstream programme should hopefully increase revenue and enable the venue to move forward on a sound financial footing after some difficult years. The Review Group has been advised that the venue's programme could become more mainstream without endangering its Arts Council grants and ethos.
- 6.53 Overall the Review Group are keen to see the Courtyard remove itself from its budget deficit position and recommend that strict financial monitoring systems are maintained and that outturn projections are used on a monthly basis in order to help manage cash flow and ensure targets are met or so that alternative plans can be implemented quickly to prevent heavy deficits being recorded.
- 6.54 The Review Group felt that **staff costs** were high at £779,000 within a turnover of £1.9m. In order to help reduce the burden of staff costs on the organisation the Review Group would like to recommend that the feasibility of sharing certain management costs with another charitable organisation, for example HALO Leisure Services Ltd, be investigated. The Review Group anticipate that the cost of certain core commitments such as human resources, procurement and management accounting amongst others, could be shared by two or more charitable organisations in order to drive down costs for each partner.
- 6.55 **Catering – In House**
- 6.56 Catering at the Courtyard is the responsibility of the Courtyard Trading Company (CTC). The Review Group recognise that the CTC is a legally separate entity to the Courtyard Trust but also recognise that the performance of the CTC has a significant role to play in the context of the entire organisation.
- 6.57 During the last review the CTC was acknowledged as being one of the principal elements that could be driven to increase income generation. This led to recommendations that the facilities should be carefully monitored to ensure maximum output and that the cost-benefit of franchising the catering operations should be explored.
- 6.58 The CTC consists of a café/bar area on the ground floor of the arts centre and a restaurant which occupies space on the first floor. No separate financial breakdowns of each arm of the CTC were available. Estimates supplied from the CTC suggest that the restaurant only accounts for 20% (approximately £72,000) of the entire CTC's income

with the other 80% (approximately £288,000) being accounted for by the café/bar on the ground floor.

- 6.59 In 2004/05 the CTC made an operating surplus of £8,018 from a turnover of £391,117. In 2005/06 the Review Group learnt that the CTC was targeted to return a surplus of £20,000. This was considered as 'something to strive for' by the Head of Catering. The Review Group felt that if the CTC returned a surplus of £20,000 then in reality the operation was only breaking even. This is because the Review Group's investigations revealed that the CTC did not pay any rent for its space or facilities within the arts centre nor did it contribute towards any of its on-costs. However, the Review Group was informed that it was the intention that the CTC began to pay rent to the Courtyard Trust in the future. The Review Group welcome this.
- 6.60 This has led to the CTC undertaking work with Business Link in order to develop the underused restaurant facilities at the arts centre. The work with Business Link has led to the development of a simplified menu and the opening of the restaurant for an extra hour each day which would allow two separate dinner sittings to take place allowing a pre-performance supper to take place followed by finer dining later in the evening. The venue was also looking to develop a business lunch and was to begin negotiations with suppliers in an effort to reduce costs.
- 6.61 If catering is to remain in-house the Review Group suggest that closer financial monitoring be undertaken for these different function areas so that better business planning can be implemented, thereby maximising potential income generation.
- 6.62 **Catering – Other Options**
- 6.63 The hierarchy at the Courtyard consider the restaurant to be a desirable feature that should be retained, hence their approach to Business Link to try and develop the feature. The Review Group appreciate that the Courtyard wish to retain a restaurant at the arts centre and welcome the input of Business Link and the efforts to increase its productivity. However, the Review Group feel that if the performance of the restaurant area does not improve after the introduction of the new proposals from Business Link or offers for franchising of the functions are deemed not suitable then serious consideration should be given to using the space currently occupied by the restaurant for alternative activities.
- 6.64 In addition to this the CTC Board are currently seeking new members who can bring catering experience at Board level. The Chairman of the CTC recognises that they lack the necessary level of expertise to diagnose and solve the problems they currently face. Therefore the CTC is seeking new Members with experience within the catering industry. The Review Group welcomes the moves the CTC Board are taking to seek new members and wish them every success in their task. The Review Group also note the recent appointment of a new Deputy Catering Manager and hope that the new appointment will bring fresh, sound business ideas and impetus to the CTC.
- 6.65 Franchising of the CTC had not been considered by the Courtyard as suggested in the previous review. The Courtyard has developed a 'once bitten twice shy' attitude towards the franchising of its catering functions. The reluctance stems from problems which occurred when the CTC functions were franchised to the Council in the arts centres early years. Since the end of the first troublesome partnership the venue has sought greater

control of the catering business and helped to develop it as a function to provide facilities to the arts centre's customers. The Review Group believe that the CTC should be able to make a huge contribution to the viability of the entire Courtyard operation with the return of a significant surplus each year which could then be used to reduce the arts centres budget deficit and ultimately reinvested into its core activities. The Review Group believe that the least risky and quickest way to increase the profitability of the CTC would be by franchising out its functions to a commercial operator.

6.66 The Review Group strongly believe that a commercial operator would pay more than the CTC targeted surplus of £20,000 for 2005/06 to operate the catering facilities at the Courtyard. The problems experienced with the previous franchisee could be eliminated with contractual clauses which could specifically outline the manner in which the Courtyard would expect the franchisee to operate. To this end the Review Group suggest that the Courtyard invites tenders from commercial catering operators so that an assessment of what commercial operators have to offer can be made in comparison to what the in-house team can offer.

6.67 A benchmarking exercise of other comparable arts centres in the UK was undertaken. These were the Brewery Arts Centre, Kendal and the Castle, Wellingborough; both centres were identified by the Courtyard Board in their response to the original review. Whilst the Review Group appreciates the differing sites and locations of the comparable arts centres and the differences in what entails their Trading Companies, the Review Group established that it was possible for an arts centre to generate a great deal of income away from their core arts related activities. For example, both the Brewery Arts Centre's and the Castle's trading companies produced a larger income than each centre generated from its admissions. If this had been the case at the Courtyard the CTC would have had a turnover in excess of £678,000, more than double the amount it turned over in 2004/05. The Review Group have been informed of various differences between each of the three arts centres, but, as illustrated by the benchmark venues, are of the opinion that the CTC should aim for its turnover to be above the level of income gained from admissions. This should enable the CTC to return at least a six-figure surplus into the arts centre.

6.68 The Review Group also learnt that other arts centres utilised their Friends Organisations to act as volunteers to staff bar areas. The Review Group suggests that the Courtyard discusses the prospect of this happening in Hereford.

#### 6.69 **Car Park**

6.70 At the outset of this re-review the Review Group were aware that the Courtyard was receiving a lot of negative publicity concerning its Car Park. Car parking charges were introduced at the Courtyard in 2004 to prevent the car park being abused by non-arts centre customers. People would often park their vehicles in the Courtyard's car park all day for free and go off to work or shopping thus preventing the arts centre's genuine customers from using the facility.

6.71 The introduction of car parking charges saw an increase in income for the Courtyard to the value of £29,000 in 2004/05. The Review Group welcome this increase in revenue but have learnt that the introduction of car parking charges has had some negative side effects.



- 6.72 Prior to the introduction of car parking charges the café/bar area provided by the CTC on the ground floor of the arts centre had played host to many customers stopping by for coffee as well as informal business meetings. It has been suggested to the Review Group that the introduction of car parking charges was the cause of a decline in the number of visitors to the CTC. This had seen takings for the CTC reduce by approximately £24,000 in 2004/05.
- 6.73 The Review Group were concerned to learn that the CTC had lost customers due to the introduction of car parking charges and would like to suggest a counter measure which could be deployed to attract much needed daytime trade back to the CTC. A possible scheme could be for patrons of the CTC to purchase two parking tickets when visiting the venue. One for the car and one which the patron presents at the time of purchasing food or drink, thereby obtaining a refund of all or part of the parking fee. This system may help to restore the daytime trade for the CTC.
- 6.74 When the re-review was commencing the most contentious issue relating to the Courtyard was the **enforcement arrangements within the car park**. The strict enforcement of parking restrictions had led to a lot of negative press and bad feeling towards the Courtyard.
- 6.75 It is necessary for the Courtyard to enforce parking restrictions for two reasons. Firstly, to ensure that patrons paid for parking and secondly, to prevent breaches of health and safety legislation. Sufficient space needs to be allowed in the car park for emergency services vehicles to be able to access the arts centre in the case of an emergency. Before parking restrictions were introduced many of the routes within the Courtyard car park were blocked by parked cars which would have prevented the access of the emergency vehicles and thus breached health and safety legislation.
- 6.76 The parking restrictions are enforced by Corporate Services, a private company, on behalf of the Courtyard. Corporate Services charges no management fee to the Courtyard for their services, instead they retain all income raised through the issue of penalty charge notices.
- 6.77 The Review Group was pleased to hear about the number of schemes implemented by the arts centre to inform its patrons of the new parking charges and the likelihood of being fined if the terms and conditions of the car park were not obeyed. Measures included sending out information slips with all tickets purchased, signage around the venue and regular announcements prior to the commencement of performances.
- 6.78 The strict and systematic way in which the restrictions were enforced has created an avalanche of negative publicity for the venue, including a number of articles and letters in the local press.
- 6.79 The Review Group appreciate the reasons why the Courtyard has introduced this policy for their car park and has no objections to this taking place. The Review Group also notes the work of the Courtyard in negotiating a reduced rate penalty if fines were paid within 14 days. However, the Review Group feel that the sheer amount of negative publicity created by the enforcement of parking restrictions has been damaging to the venue. The Review Group recommend that in order to regain and retain the goodwill of patrons that different methods of parking enforcement could be introduced.

- 6.80 The Review Group considered four options on how parking restrictions at the Courtyard could be altered to regain the goodwill of customers.
- 6.81 Firstly, the Review Group believes that parking charges in the evenings could be withdrawn. The evenings are when the majority of the Courtyard's patrons will be visiting the centre so the venue's customers would benefit immediately. In the evenings the car park is less likely to be abused as the majority of shops and work places are closed. People who are not visiting the arts centre will not be able to park their car any longer than overnight as car parking charges will begin again the following morning. Those patrons who did not park in designated bays and caused obstacles or prevented access for emergency services vehicles would still be eligible for endorsements. The Review Group accepts that this suggestion will cause a downturn in income for the car park but feel that the benefits which are passed to the customers outweigh this. It would be necessary for the Courtyard to implement a system that prevented abuse of the car park when evening football matches take place at Hereford United across the road at Edgar Street.
- 6.82 The second consideration was introducing a more customer friendly way of enforcing parking restrictions. For instance a parking attendant could issue warnings to first time offenders followed by a fine on the second offence. This system would ensure that parking restrictions are enforced in the long term, as the threat of fining still exists, but would retain the goodwill of customers due to the warning period.
- 6.83 The third consideration was the removal of the onus on the enforcement agency to issue tickets in order to generate income. This again would reduce income on the balance sheet as no doubt a management fee would be payable to the enforcement agency instead. However, the Review Group believe that this cost would be small as the goodwill of customers would be retained as the Courtyard would be able to exert control over the way in which penalty charge notices were enforced and prevent over-sealous enforcement as it would not be necessary for the enforcement agency to issue penalty charge notices to generate their income.
- 6.84 The fourth option which the Review Group considered was the Council's own parking enforcement team taking responsibility for the car park at the Courtyard. This could be done in two ways. Firstly, by the Council's Parking Enforcement Team charging a management fee to the Courtyard. Or, secondly, the Courtyard could lease the car park at the venue back to the Council thereby distancing itself entirely from any future problems experienced by penalised patrons.

### **Herefordshire Council Progress with the Recommendations of the Courtyard Review Group.**

- 7.1 As well as the Courtyard the Review Group also made a series of recommendations for consideration by the Council.
- 7.2 The first recommendation that the Review Group made was that the Courtyard should be awarded a one-year funding deal. The intention of this was to encourage the arts centre to investigate and hopefully implement a number of the suggestions for additional income generation suggested in the original report so that the venue could reduce its budget deficit and its reliance on grants from Herefordshire Council and the Arts Council. At the end of the interim one-year deal, if the Council was satisfied that the arts centre was doing

all it could to raise money through other means, the Review Group recommended that the centre be awarded a five-year funding deal.

- 7.3 However, when Cabinet considered the Review Group's report on 17 February 2005 evidence received from the Arts Council stating that a one-year funding deal from the Council would seriously affect the Courtyard's grant from the Arts Council, when it was renegotiated later that year, meant that Cabinet awarded the venue a three-year funding deal with the total grant reducing by £12,000 in the first year and then increasing with inflation thereafter. This was in line with the Review Group's recommendation that the Courtyard be required to make efficiency savings in the same manner that was required of the Council itself.
- 7.4 The Review Group was disappointed that its recommendation to award the Courtyard with a one-year funding deal was not implemented but accept the position that Cabinet was in when faced with the stark evidence presented by the Arts Council.
- 7.5 The Review Group was pleased that its other recommendations were accepted by Cabinet and that a further recommendation was added that the Review Group be reconvened so that an assessment could be made on the success or otherwise of the implementation of the Review Group's recommendations and suggestions both at the Courtyard and within the Council.
- 7.6 During the last review the Review Group felt the Education, now Children's and Young People's Directorate was gaining many targeted outcomes from the Courtyard in return for a relatively small input (£31,000). The Review Group felt that this was unfair as the former Policy and Community, now Adult and Community Services Directorate was effectively subsidising the Education Directorate's work at the Courtyard. Therefore the Review Group felt that the Education Directorate should increase its contributions to the Courtyard grant so that it was in line with the level of services it was benefiting from. The intention then was that whatever additional sum the Education Directorate contributed to the Courtyard, a corresponding figure would be reduced from the Policy and Community grant. This sum could then be reinvested in other arts schemes in the County.
- 7.7 The Review Group met with senior Council Officers to discuss progress with this recommendation. A list of Council Officers that were interviewed by the Review Group is attached at Appendix 5.
- 7.8 The Review Group discovered that very limited progress had been made with this recommendation. This was mainly due to a senior management restructure which had seen responsibility for progressing the recommendation switch to a new Directorate and Director.
- 7.9 The Review Group met with Officers from the Children's and Young People's Directorate (C&YPD) to discuss their assessment of the services the C&YPD received from the Courtyard.
- 7.10 The Review Group was informed that the C&YPD provided a wide variety of funding streams to the Courtyard. In 2004/05 the C&YPD provided £39,500 to the arts centre which included funding for:

- Education and Outreach Worker (£12,000) plus £10,000 for project work

- £1,500 towards a Combined Arts Development Officer
- £5,000 for the Poetry in Motion scheme
- £2,000 for Creativity Conferences

7.11 This initial funding attracted £18,000 of matched external funding to the venue.

7.12 The Courtyard also received money directly from the County's schools, including:

- Fairfield and John Masefield High Schools contributed £24,000 towards a Community Arts Development Officer, £12,000 to pay for hires and workshops with the Education and Outreach Worker
- Sale of tickets to Primary Schools was £34,868 in 2004/05 and up to £37,259 by November 2005.
- Sale of tickets to Secondary Schools was £6,425 in 2004/05 and was up to £6,296 by November 2005.

7.13 It was noted that the use of the Courtyard by schools was increasing. Since subsidised school transport had become available it had helped to reduce costs for both schools and parents which had increased the frequency of school visits.

7.14 It was argued that for any further funding to come from the C&YPD money would either have to be diverted from the C&YPD Central Expenditure budget which was set by the Directors of Herefordshire Council or come from a contribution from the budgets of all schools in the County which would require a decision to be made by Herefordshire Schools Forum who may or may not agree with the proposals.

7.15 The Courtyard was used to help deliver creativity in the curriculum and the Review Group were informed that Martyn Green should be credited with aiding the development of educational work at the Courtyard.

7.16 The Review Group met with the Director of Adult and Community Services who informed them that if the C&YP Directorate was assessed to make a greater contribution to the grant made to the Courtyard from the Council then it was likely that this money would be transferred from the Cultural Services budget when the Directors met to set their annual budgets. Therefore the Review Group's intention that any money saved from the Cultural Services should be reinvested into other arts schemes would not be possible as, in practice, it was unlikely that the Cultural Services budget would gain capacity as the Review Group had originally intended.

7.17 Therefore the Review Group were informed that it did not matter which Council Department the grant to the Courtyard was paid from so long as the money was used to deliver the Council's corporate priorities.

7.18 One way that the Council's funding to the Courtyard could alter would be by negotiating a single funding deal with the arts centre to meet its various priorities – including education. A single funding deal would save Officer time and money as currently two separate deals were negotiated by the Council. The Review Group thought that this was a sensible suggestion and would like to recommend that this be implemented once current funding deals end.

7.19 The Review Group would also like to recommend to the Courtyard that schools could be a good daytime target audience for the venue and that further work with schools should be developed.

7.20 The Review Group would also like to recommend to the Courtyard that the Business Development Manager seeks further external funding to help fund school transport to the venue as the current funding secured for this purpose appears to be encouraging schools to take advantage of the facilities at the Courtyard.

#### **7.21 Commissioning Agreement**

7.22 During the last Review the Review Group heard how the next funding deal between the Council and the Courtyard was to be based on a Commissioning Agreement that set clear outcomes and targets for the venue to meet. On the successful achievement of respective targets, which would be monitored on a quarterly basis, the Courtyard would receive a portion of its annual grant.

7.23 At the time, the Review Group welcomed this style of funding agreement as it allowed the progress of the Courtyard to be effectively monitored and it retained the ability of the Council to withhold grant payments if targets were not being met.

7.24 However, the Review Group was concerned to discover that the Commissioning Agreement between the Council and the Courtyard had not yet been formally agreed due to resource issues within the Council. This means that the Courtyard is receiving funding from the Council but that the targets set out within the Commissioning Agreement are not being monitored and the quarterly monitoring meetings are not taking place as expected.

7.25 The Review Group are very concerned that the detailed targets drawn up are not being monitored. The Review Group were informed that the Commissioning Agreement was drafted and ready to be signed by both parties. If not done so already the Review Group would recommend that this is done at the earliest opportunity bearing in mind the following points.

7.26 The current Commissioning Agreement is drafted to run until 2010 even though the Council's funding deal with the Courtyard ends in 2008. The Review Group recommend that the length of Commissioning Agreement be altered before it is signed so that it ends at the same time as the funding deal.

7.27 Once the current funding deal with the Courtyard ends in 2008 the Review Group would like to recommend that a structured grant scheme aimed at diminishing grants annually, so as to encourage the Courtyard and the Courtyard Trading Company to make positive improvements to their own revenue generation. The Review Group believe that there are significant opportunities to increase income from trading activities. Unless this approach is adopted the Review Group believe that the lack of financial incentive on the Courtyard could mean little change will occur to any of the current management practices.

#### **8.1 Conclusions**

8.2 The Courtyard has made some progress with the implementation of some of the recommendations and suggestions of the first Review.

- 8.3 The Review Group would like to congratulate all the staff at the Courtyard and any other people associated with the venue for their achievements to date.
- 8.4 However, the Review Group still feels that the Courtyard can improve its levels of additional income generation particularly the Courtyard Trading Company. The Review Group believe the potential to provide this additional revenue exists; this potential just needs to be harnessed so that significant results can be delivered.
- 8.5 In addition to increasing its income levels the Review Group firmly believe that the Courtyard could create significant savings by working in partnership with another charitable organisation to share core costs.
- 8.6 Success in delivering increased income levels and reducing costs through the sharing of core costs should enable the venue to eliminate its budget deficit. Once the venue's budget deficit is eliminated the surplus generated from the increased and more efficient operation of the centre can be reinvested into the arts to further develop the excellent work which the Courtyard provides for the whole County.
- 8.7 With regard to the Council's progress with the Review Group's recommendations the Review Group accept the rationale that Cabinet used when awarding the Courtyard a three-year funding deal rather than the recommended one-year interim deal.
- 8.8 The Review Group also accept the likely budget transfer that would take place if the Children's and Young People's Directorate was assessed to be responsible for a greater proportion of the Council's grant to the Courtyard.
- 8.9 The Review Group was disappointed to discover that the Commissioning Agreement between the Council and the Courtyard had not been implemented and that monitoring meetings are not taking place in the envisaged format.
- 8.10 In the future the Review Group recommend that the Council have one funding deal with the Courtyard which delivers the Council's corporate priorities rather than separate deals being negotiated across the piece. This corporate agreement should be structured so that the value of the grant diminishes annually in order to encourage the Courtyard to make positive improvements to their own income generation.
- 8.11 Finally, the Review Group would like to thank again all the persons involved in the Review and wish the Courtyard every success in the future.

## **9.1 Next Steps**

- 9.2 The Review Group anticipate that, if approved by the Community Services Scrutiny Committee, this report will be presented to Cabinet for consideration. The Review Group hope that the findings contained in this report will be used to form the basis of any future funding agreement between the Council and the Courtyard.
- 9.3 The Review Group also anticipate that, if the report is approved, the Courtyard acts upon the recommendations and suggestions made in this report (summarised below for convenience). The Review Group recognises the achievements the venue has made to date and still feel that the venue has tremendous opportunity for the future.

## **SUMMARY OF RECOMMENDATIONS AND SUGGESTIONS**

*(RECOMMENDATIONS & SUGGESTIONS APPEAR IN ORDER THEY FEATURE IN THE REPORT AND CONTAIN A PARAGRAPH REFERENCE FOR CONVIENIENCE)*

**The turnover of the Courtyard Trading Company should be higher than the income for admissions at the arts centre. (Para 5.15)**

**Tenders should be sought for franchisees to operate a retail shop within the current Courtyard Complex. (Para 6.8)**

**That the Courtyard should investigate the possibility of operating a separate commercial gallery in addition to the current gallery sponsored by the Arts Council. (Para 6.12)**

**That the Courtyard seeks to develop a dedicated cinema space within the centre even if the venue does not extend. (6.19)**

**That the leaks in the office space be repaired as soon as possible. (Para. 6.26)**

**That the outside arts organisations housed at the Courtyard pay a fair market rental value for the space in line with other City Centre Office space including the real costs of utilities and services or be relocated to another premises in order to release much needed space at the Courtyard. (Para. 6.27)**

**That the Alloy Jewellers housed at the Courtyard pay a fair market rental value for the space in line with other City Centre workshop space including the real costs of utilities and services or be relocated to another premises in order to release much needed space at the Courtyard. (Para. 6.29)**

**The Courtyard should proceed with a more mainstream programme in order to generate more income to address the budget deficit. (Para 6.52)**

**That strict financial monitoring systems and maintained and reviewed on a monthly basis. (Para 6.53)**

**The feasibility of sharing certain core costs with another charitable organisation be investigated. (Para 6.54)**

**That tenders be invited from commercial catering operators with regard to taking up the operation of the facilities provided by the Courtyard Trading Company. (Para 6.66)**

**The Friends of the Courtyard be asked about the possibility of them staffing the bar area. (Para 6.68)**

**That methods be investigated on how to attract customers back to the Courtyard Trading Company during the day including the possibility of refunding car parking tickets. (Para 6.73)**

**That different methods of enforcing parking restrictions be investigated, including the four possible ways considered by the Review Group. (Para 6.79 – 6.84)**

**That schools be further targeted as a daytime audience and that further external funding to help with the cost of school transport be sought for when the current funding arrangement ends. (Para 7.19 and 7.20)**

**The Commissioning Agreement between the Courtyard and Herefordshire Council end at the same time as the current funding arrangements on 31 March 2008. (Para 7.26)**

**If not already done so the Commissioning Agreement between the Courtyard and Herefordshire Council be signed. (Para 7.25)**

**That any future funding deals with the Courtyard be negotiated at a Corporate level. (Para 7.18)**

**That any future funding deals with the Courtyard operate on a structured grant scheme principal with grants diminishing annually for the duration of the deal. (Para 7.27)**



## Appendix 1

|                              |   |                                 |
|------------------------------|---|---------------------------------|
| <b>REVIEW:</b>               | <b>Courtyard Review Group</b>   |                                 |
| <b>Committee:</b>            | Community Services Scrutiny Committee   | <b>Chair:</b> Councillor Bramer |
| <b>Lead support officer:</b> | Gareth Jones – Economic Regeneration Manager later replaced by Jane Lewis – Interim Cultural Services Manager |                                 |

### **SCOPING**

#### **Terms of Reference**

To monitor progress on the implementation of the Review Group's recommendations approved by the Cabinet on 17 February 2005.

#### **Desired outcomes**

- To establish the extent to which recommendations approved by the Cabinet have been considered and implemented to date.
- To ascertain what actions have been undertaken by The Courtyard to consider and take forward suggestions made by the Courtyard Review Group.

#### **Key questions**

- Which of the Review Group's suggestions have been implemented to date?
- What actions are proposed to taking forward suggestions not yet implemented?
- What is the current financial position and performance of The Courtyard?
- Has the Courtyard Board determined any other new activities or restructured any of its activities that existed in 2004 in order to generate additional income?
- Is the Courtyard on target to reduce its budget deficit?
- How is the new commissioning agreement between the Council and The Courtyard working?
- What are the results of the Arts Council's economic impact survey?
- What is the outcome of discussions regarding potential funding from the Children's Services Budget?
- How are negotiations with the Arts Council progressing with regard to a new funding agreement from April 2006?
- How does The Courtyard performance compare against appropriate benchmark venues?

| <b>Timetable</b>  |  |
|---|--|
| <i>Activity</i>   | <i>Timescale</i>   |
| Preparatory Work  | October 2005   |
| Collection of data  | October / November 2005  |
| Undertake site visits as appropriate  | October / November 2005  |
| Report to Community Services Scrutiny   | December 2005  |
| Present options/recommendations to Cabinet  | December 2005  |
| <b>Members</b>  | <b>Support Officers</b>  |
| Cllr H. Bramer<br><br>Cllr J. Guthrie<br>Cllr Mrs S.P.A. Daniels<br>Cllr. M.R. Cunningham | Gareth Jones, Economic Regeneration<br>Manager<br><br>Craig Goodall, Trainee Committee Officer |

**Summary of Recommendations & Suggestions Made by the Courtyard Review Group – January 2005**

**Original Recommendations**

20.2 The Council's financial contribution to The Courtyard should not be exempt from any efficiency savings being made within the Policy & Community Directorate.

20.3 The Education Directorate are invited to assess the benefits provided by The Courtyard to their service area and consider contributing a higher level of funding which is more representative of the value of service received in order to reduce the current onus on the Policy & Community Directorate.

20.4 The suggestions for additional income generation measures and improving financial viability contained in this report are considered and actioned by The Courtyard where they are considered financially prudent.

20.5 The Courtyard is offered an interim 1-year funding agreement from March 2005, while proposals for additional income generation and improved financial viability are progressed. \*

20.6 The Courtyard be invited to report back to the Social and Economic Development Scrutiny Committee in November 2005 to provide an update on the organisation's financial position and progress on addressing the suggestions and recommendations raised in this report.

20.7 On receipt of a satisfactory report, The Courtyard is offered a 5-year commissioning agreement in April 2006. \*

20.8 At the end of the 1-year agreement if the recommendations have not been satisfactorily addressed, then a further 1-year period should be considered, to give The Courtyard further time to demonstrate its proposals for improved financial viability. \*

\* Not accepted by Cabinet. Courtyard awarded a three-year funding agreement less £12,000 efficiency savings (see attached decision notice).

**Suggestions Made by the Review Group in Final Report**

1. Courtyard should establish the feasibility of a retail shop.
2. Catering should be regularly reviewed to ensure income generating potential is maximised.
3. Cost-benefit of franchising catering should be explored and assessed.
4. Exploration of feasibility and possible funding of a dedicated cinema should be investigated.

5. The screening of children's films in the schools holidays should be developed.
6. The Trust Fund sector should be explored for further funding.
7. Full utilisation of Friends organisation with support of Courtyard Trust in terms of fund raising and volunteers.
8. Live music market could be further developed.
9. Income could be generated from the sale of arts related goods. Could hold an arts related design & craft show (in addition to Herefordshire Contemporary Crafts Fair). Plus generate commission from sale of exhibited paintings and photographs.
10. Analysis of footfall and usage of building at different times suggested as a means of assisting process of maximising efficiency of space in the building.
11. Evaluate business case of taking on additional office space away from the Courtyard to free up space in the main building.
12. Review possibility of taking a rental contribution from Alloy Jewellers.
13. Review possibility of securing additional funding for expansion of the Courtyard.
14. Review location and signposting to the second floor gallery and that options for generating further income from the sale and display of work are explored.
15. Results of Economic Impact Survey.
16. Overcoming of health and safety and DDA issues. For example, lift and large opening windows in staff offices.
17. Road signposting to the Courtyard should be improved.

### Appendix 3

|  | <b>Courtyard<br/>2004-05</b> | <b>Castle<br/>2003-04</b> | <b>Kendal<br/>2003-04</b> |
|--|------------------------------|---------------------------|---------------------------|
| <b><u>Trading Account</u></b>                                |                              |                           |                           |
| Incoming resources for year                                  | 107,487                      | -9,127                    | -53,553                   |
| Add: Net restricted funds                                    | 9,646                        | 16,265                    | -90,475                   |
|  | <u>117,133</u>               | <u>7,138</u>              | <u>-144,028</u>           |
| less one-off grant from council / Investment income          | 100,000                      |                           | 46,917                    |
| <b>Real' in-year trading profit</b>                          | <b><u>17,133</u></b>         | <b><u>14,276</u></b>      | <b><u>-97,111</u></b>     |
| <br>   |                              |                           |                           |
| <b><u>Income</u></b>   |                              |                           |                           |
| Admissions   | 678,098                      | 184,739                   | 712,873                   |
| Hire's   | 101,423                      | 61,394                    | 19,945                    |
| Education & outreach   | 30,933                       | -                         | -                         |
| Sundry income  | 26,983                       | 17,572                    | 22,174                    |
| Brewery support fund   | -                            | -                         | 8,041                     |
| Car Parks  | -                            | -                         | 46,292                    |
|  | <b>837,437</b>               | <b>263,705</b>            | <b>809,325</b>            |
| <br>   |                              |                           |                           |
| <b><u>Grants</u></b>   |                              |                           |                           |
| Council and other bodies                                     | 406,295                      | 420,899                   | 113,255                   |
| Arts Council Regional  | 158,909                      | -                         | 141,655                   |
| Arts Council and other                                       | 39,653                       |                           | 6,049                     |
|  | <b>604,857</b>               | <b>420,899</b>            | <b>260,959</b>            |
| <br>   |                              |                           |                           |
| <b>Donations &amp; sponsorship &amp; Fundraising</b>         | <b>50,466</b>                | <b>48,441</b>             | <b>50,574</b>             |
| <br>   |                              |                           |                           |
| <b>trading income</b>  | <b>391,117</b>               | <b>206,559</b>            | <b>1,077,957</b>          |
| <br>   |                              |                           |                           |
| <b>other income</b>  | <b>344</b>                   | <b>171</b>                | <b>0</b>                  |
| <br>   |                              |                           |                           |
| <b><u>Total Income</u></b>                                   | <b><u>1,884,221</u></b>      | <b><u>939,775</u></b>     | <b><u>2,198,815</u></b>   |
| <br>   |                              |                           |                           |
| <b><u>Expenditure</u></b>                                    |                              |                           |                           |
| <b>Sales &amp; Marketing</b>                                 | <b>136,503</b>               | <b>117,316</b>            | <b>131,235</b>            |
| <b>Cost of productions</b>                                   | <b>744,707</b>               | <b>185,655</b>            | <b>687,678</b>            |
| <b>Education &amp; Outreach</b>                              | <b>35,158</b>                | <b>-</b>                  | <b>-</b>                  |
| <b>trading operations</b>                                    | <b>383,099</b>               | <b>188,902</b>            | <b>795,384</b>            |
| <br>   |                              |                           |                           |
| <b><u>Expenditure - support / overheads / mgt/ admin</u></b> |                              |                           |                           |
| Staff  | 264,499                      | 310,221                   | 357,400                   |
| Office costs   | 29,966                       | 6,182                     | 27,576                    |
| Utilities / rent / rates                                     | 35,551                       | 39,951                    | 67,409                    |
| repairs  | 29,506                       | 7,152                     | 105,261                   |

|  |                  |                |                  |
|--|------------------|----------------|------------------|
| depreciation                                 | 25,405           | 2,915          | 97,119           |
| leases                                       | 5,964            |                |                  |
| training & recruitment                       | 14,430           | 3,180          | 8,407            |
| Security                                     |                  | 18,940         | 2,505            |
| Insurances                                   | 22,171           | 11,229         |                  |
| Other Costs                                  | 43,312           | 41,738         | 41,091           |
| Other Management & Admin                     | 6,463            | 15,521         |                  |
| Expenditure on restricted funds not itemised |                  |                | -68,697          |
| <b>Total Support costs</b>                   | <b>477,267</b>   | <b>457,029</b> | <b>638,071</b>   |
| <b>Total Expenditure</b>                     | <b>1,776,734</b> | <b>948,902</b> | <b>2,252,368</b> |

### Balance Sheet

|  |                 |                |                  |
|--|-----------------|----------------|------------------|
| <b>Fixed Assets</b>                          | <b>138,021</b>  | <b>68,776</b>  | <b>4,417,865</b> |
| <b>Investments</b>                           |                 |                | <b>237,218</b>   |
| <b><u>Current Assets</u></b>                 |                 |                |                  |
| Stock  | 12,000          | 10,450         | 16,800           |
| Debtors                                      | 52,811          | 87,100         | 54,851           |
| Cash   | 4,751           | 139,337        | 59,739           |
|  | <b>69,562</b>   | <b>236,887</b> | <b>131,390</b>   |
| <b><u>Current Liabilities</u></b>            |                 |                |                  |
| Creditors                                    | -366,758        | -262,556       | -367,914         |
| <b>Net Current liabilities</b>               | <b>-297,196</b> | <b>-25,669</b> | <b>-236,524</b>  |
| <b>Total Assets less current liabilities</b> | <b>-159,175</b> | 43,107         | 4,418,559        |
| Creditors falling due after 1 year           | 0               | -15,516        | -27,567          |
| <b>Total Assets less Liabilities</b>         | <b>-159,175</b> | <b>27,591</b>  | <b>4,390,992</b> |
| <b><u>Funds</u></b>                          |                 |                |                  |
| Unrestricted Funds                           | -167,357        | -11,174        | 1,035,727        |
| Restricted Funds                             | 23,800          | 16,265         | 3,355,265        |
| Non-Charitable trading Account               | -15,618         |                |                  |
| Revaluation reserve                          |                 | 22,500         |                  |
|  | <b>-159,175</b> | <b>27,591</b>  | <b>4,390,992</b> |

*Economic impact study of West Midlands theatre*

*Dominic Shellard, University of Sheffield*

*April 2005*

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## **Introduction**

Theatre in the United Kingdom is admired throughout the world for its quality and creativity. The excellence of its plays, actors and performances are unrivalled.

This study of West Midlands theatre builds on the work of the *Economic Impact Study of UK Theatre* (Arts Council, 2004), which was the first national study of the contribution that theatre makes to the local and national economy. It established that the economic impact of UK theatre was £2.6bn: £1.5bn coming from London theatre and £1.1bn from regional theatre.

The impact of regional theatre had previously been undervalued and this new study – of the economic impact of West Midlands theatre – further highlights the fact that regional theatre is economically as well as artistically vibrant.

It also represents extremely good value for money. The total revenue investment from public sources to produce the figures shown on the following pages amounted to a little over £25 million: £18.9 million from Arts Council England, and some £6.1 million from the local authorities of the West Midlands.

## **Executive summary**

### **Overall economic impact**

Theatre in the West Midlands has a significant economic impact – it is worth at least £148 million annually. This is a conservative figure. It does not include, for instance, the impact of individual touring theatre companies or non building-based theatre activity.

Data for this study were collected from 22 venues. These include commercially-run theatres, venues run by local authorities and subsidised theatres.

### ***Key components of this economic impact figure are:***

- 1 spending by theatre audiences: in particular food bought outside the theatre, transport costs to get there and back, and necessary childcare costs

The study also takes into account spending by theatres, notably:

- 2 expenditure on staff (including actors, directors and other creative team members) and goods and services
- 3 subsistence allowances to freelance staff to enable them to stay in the area while a project is under way. This generates important income for local landlords and hoteliers

### ***A more comprehensive formula also includes:***

- 4 income generated by theatres: including ticket sales, sponsorship, grants, donations, programme and refreshment sales, merchandise and catering sales
- 5 income generated by working overseas: the fees received by sending productions abroad or any sponsorship or grants relevant to that work

In which case the figure rises from £145m to £264m.

## **Economic impact of West Midlands theatre**

As part of this study, six theatres underwent an exercise looking at their local economic impacts. Their individual impact – excluding turnover – is as follows:

|                              |            |
|------------------------------|------------|
| The Courtyard, Hereford      | £4,172,851 |
| Ludlow Assembly Rooms        | £2,905,798 |
| The Drum, Aston              | £2,619,627 |
| Old Rep Theatre, Birmingham  | £903,444   |
| Arena Theatre, Wolverhampton | £724,136   |
| Arts Alive                   | £103,586   |

Each theatre makes both direct and indirect contributions to the local economy. The direct impact is local spending on purchasing supplies; and wages paid to staff who live

locally. The indirect impact is the 'knock-on' effect generated by the direct impact, where spending money leads to more money being spent. When theatres purchase supplies from a local company, that income helps the company pay wages to its staff who then use it to buy other goods. All that expenditure is constantly circulating around the local economy, helping to preserve jobs, and boost economic growth.

The additional visitor spend (AVS) also demonstrates how audience spending can make a significant difference to the local economy. By attracting people into an area – where they might eat out, spend money on transport or buy local produce – theatres help sustain jobs, generate additional economic activity and act as forces for economic and social regeneration.

## **Report findings**

**West Midlands theatre has a significant economic impact: at least £148m annually.**

This is a conservative figure. It does not include, for instance, the impact of touring theatre companies or non building-based theatre activity. This huge impact is generated by a minimal amount of public subsidy: for example, £18.9m from Arts Council West Midlands and £6.1m from the various local authorities of the West Midlands.

**The Royal Shakespeare Company (RSC) accounts for 43% of this impact.**

**West Midlands theatre has considerable impact on local economies,** both in terms of direct spending on goods and services and in terms of visitor spending.

Taking additional factors into account, the full economic value of West Midlands theatres is £264m annually.

**West Midlands theatre is a popular area for volunteering.** There are about 1700 volunteers working in West Midlands theatre.

## Recommendations

- 1 encourage individual venues to include economic impact studies in their annual reports on a three-yearly basis
- 2 devise an impact formula for touring theatre

## **Key conclusions**

- 1 the theatre sector has not yet developed a framework for establishing its impact
- 2 both the national *Economic Impact Study of UK Theatre* (Arts Council, 2004) and this study have encouraged individual theatres to carry out their own studies
- 3 the study has commanded significant sector support

## **Key findings**

### **1 Research for the study**

#### **1.1 Previous economic impact studies of theatre**

In May 2004 the *Economic Impact Study of UK Theatre* (Arts Council England, 2004) was published. This was the first economic impact study of national theatrical activity and was undertaken with the full support of SOLT, TMA, ITC and Arts Council England, Arts Council Wales and the Scottish Arts Council. It calculated that theatre contributed £2.6bn to the UK economy and provided a formula for the calculation of impact which has been subsequently taken up by a large number of theatre organisations.

Previous impact studies of arts activity had been characterised by a large variation in impact formulas and one aim of the 2004 study was to produce a formula which the theatre sector could use on a consistent basis.

This report is one of a series which have been produced since the publication of the 2004 study (e.g. Hull Truck Theatre, Palace Theatre, Mansfield, Corn Exchange, Newbury). It is clear that the theatre sector welcomes the ability to compare impact study findings on a like-for-like basis.

#### **1.2 Definition of economic impact**

As with the national study, this report uses two main ways of defining economic impact. The first formula defines economic impact as being purely what a theatre contributes to the local and national economy and ignores turnover and overseas earnings.

---

#### **Formula 1: Calculating the economic impact of theatre venues excluding turnover**

(Additional visitor spend + salaries + subsistence allowances + goods and services expenditure) x a multiplier of 1.5

(The multiplier takes into account the knock-on effect in the local economy.)

---

Formula 2 can be used to define economic impact as the total economic activity generated by a theatre (in other words, what economic activity an area would lose

in total if the theatre was not there). This second, more comprehensive formula, also includes turnover (income).

---

**Formula 2: Calculating the economic impact of theatre venues including turnover**

(Turnover + overseas earnings + additional visitor spend + salaries + subsistence allowances + goods and services expenditure) x a multiplier of 1.5

(The multiplier takes into account the knock-on effect in the local economy.)

---

Including turnover in this formula establishes the scale of the economic activity related to the theatre, and economic impact is viewed as inputs and outputs, rather than profit and loss. So, for example, turnover is made up of money from customers, funders and businesses, and produces a specific economic effect, while a theatre's expenditure on wages and supplies produces a completely separate economic effect. It is not a strictly linear model.

This defines economic impact as what a theatre contributes to the local and national economy.

This study would ideally like to employ this wider formula, which includes turnover. However, because it was not possible to collect sufficient data from SOLT organisations for the national study – through no fault of their own – it has been decided to employ formula 1 to calculate the headline figure for economic impact. However, it should be noted that if the national survey is repeated in 2007 and if sufficient data from SOLT were to be obtained in the future, a recalculation could be made, which would produce a larger figure for the overall economic impact of both UK theatre and West Midlands theatre.

To give an indication of the difference that the two formulas make, both formulas have been employed in the calculation of the individual impact of the five West Midlands venues not previously included in the national study. These calculations can be found in Appendix B.

Both formulas employ multipliers. Multipliers are used in impact studies to take into account the knock-on effect of spending by the theatre throughout the local economy. To ensure that this study produces a viable but cautious result, a multiplier of 1.5 has been used, the smallest that is realistically possible.

## **2 Methodology**

Questionnaires were devised to collect the following information from individual venue-based organisations for the 2002/03 financial year:

- 1 turnover
- 2 overseas earnings
- 3 additional visitor spend (an estimate of what an audience member spends on food, transport and childcare)
- 4 salaries
- 5 subsistence allowances paid
- 6 goods and services bought

A list of venue-based organisations was compiled from information held by Arts Council England West Midlands to define the parameters of the region.

The questionnaires were distributed from August 2003 to 492 UK venue-based organisations (excluding SOLT members) and were returned between August and December, 2003. Relevant data for the West Midlands theatres were then extracted. A number of new venues were also approached between January 2005 and March 2005 to produce additional data, which were not available to the national study. The total list of respondents appears in Appendix A.

In addition to the research for the national study, several activities were undertaken to create a good awareness of the West Midlands study and to generate the highest possible response rate. These included:

- 1 the distribution of questionnaires via hard copy and email (where appropriate) (January-March 2005)
- 2 the publicising of the study through Arts Council England West Midlands (January 2005)
- 3 the sending of email reminders (February/March 2005)
- 4 telephone reminders (February/March 2005)

## **3 Results of the study**

### **3.1 West Midlands Theatres**

Economic data were collected from 22 venue-based organisations out of a total sample of 26. This represents an 85% response rate.



The following results from the venue-based organisations were used to calculate impact.

**Table 1: The data returned by the 22 responding venue-based organisations**

| <b>Venues supplying data<br/>(22)</b> | <b>£</b>          |
|---------------------------------------|-------------------|
| Additional visitor spend              | 28,148,470        |
| Salaries                              | 32,327,193        |
| Subsistence allowances                | 874,450           |
| Goods and services                    | 33,941,706        |
| <b>Total (for 22 venues)</b>          | <b>95,291,819</b> |

Additional visitor spend is expenditure on transport, food and drink, and childcare, incurred by audience members as a result of a visit to the theatre.

The total AVS per venue was calculated by taking the mean (average) AVS per head as stated by the venue, i.e. £10–15 produces a mean of £12.50, then multiplying this by the number of tickets sold in the year.

The results on additional visitor spend demonstrate how audience attendance can be significant for the local community. By attracting people into an area – where they might dine out, spend money on transport or buy local produce – theatres help sustain jobs, generate additional economic activity and act as forces for economic and social regeneration.

Four venues did not respond to the questionnaires, but will still have an economic impact that needs to be factored in. Because all the major venues took part in the study, however, it is **not** appropriate to scale up the figures pro rata.

Therefore, the following cautious method of calculation was adopted for non-responding venues.

**Table 3: The calculation of the ‘return’ of the four non-responding venues**

|   |            |
|---|------------|
| Average return for non-responding venues in 2004 national study             | £885,953   |
| Plus inflation based on RPI for March 2003 and March 2004 (2.5%) x 4 venues | £3,632,407 |

#### 4 Calculation of economic impact

The economic impact of West Midlands theatre can be calculated as follows:

Using Formula 1: The calculation of the economic impact of West Midlands theatre

|  |                     |
|--|---------------------|
| <p><b>(AVS, Salaries, Subsistence Allowances,<br/>Goods and Services + Non-Responding<br/>Venues' Impact) x 1.5</b></p> <p><b>(£95,291,819 + £3,632,407) x 1.5</b></p> | <p><b>£148m</b></p> |
|--|---------------------|

The RSC represents 43% of this figure.

Theatre in the West Midlands generates a significant economic impact. This reflects the vibrancy of theatre throughout the whole of the UK and is a very healthy balance. It also counters the perception of a sector dominated by theatrical activity in London.

The economic impact of West Midlands theatre is therefore £148m.

However, it should be noted that if we employ a formula that includes turnover (see Formula 2, page 8), the total for West Midlands theatre rises to £264m.

This is calculated in the following way:

**Table 5: The data returned by the 22 responding venue-based organisations, *including* turnover**

| <b>Venues supplying data<br/>(22)</b> | <b>£</b>           |
|---------------------------------------|--------------------|
| Turnover                              | 74,376,259         |
| Overseas earnings                     | 589,000            |
| Additional visitor spend              | 28,148,470         |
| <b><u>Salaries</u></b>                | 32,327,193         |
| <b><u>Subsistence allowances</u></b>  | 874,450            |
| <b><u>Goods and services</u></b>      | 33,941,706         |
| <b>Total (for 22 venues)</b>          | <b>170,257,078</b> |

To take into account the non-responding venues, the following calculation was made:

**Table 6: The calculation of the ‘return’ of the four non-responding venues, for the calculation of impact *including* turnover**

|  |            |
|--|------------|
| <b><u>Average return for non-responding venues in 2004 study</u></b> | £1,452,968 |
| Plus inflation (2.5%) x 4 venues                                     | £5,957,169 |

The economic impact of venue-based organisations including turnover was therefore calculated as follows:

**Using Formula 2: The calculation of the economic impact of West Midlands theatre: venue-based, *including* turnover**

|   |              |
|---|--------------|
| <b>West Midlands venue-based</b><br><b>(170,257,078 + £5,957,169) x 1.5</b> | <b>£264m</b> |
|---|--------------|

The RSC represents 44% of total

## 5 The number of volunteers in the West Midlands sector

Organisations were asked to report on the number of volunteers who worked at their venues.

The responses showed that there are circa 1700 volunteers working in the West Midlands theatre sector.

This was calculated in the following way. 22 responding venues reported 1435 volunteers, an average of 65 per venue. This would give the four non-responding venues approximately 260 volunteers, producing a total of circa 1700 volunteers.

The number of volunteers in the West Midlands theatre sector represents a significant 'invisible' contribution by theatres to their local economies.

## **6 Recommendations for future work**

There has been widespread sector support for this study.

To capitalise on this enthusiasm for relevant economic impact studies – and to address the concern that up until now, economic impact studies have not adopted a consistent methodology for calculating impact – the following recommendations are made for future work:

- 1 individual organisations in the West Midlands should be encouraged to undertake economic impact studies using a consistent formula for inclusion in their annual reports on a three-yearly basis
- 2 touring theatre and outdoor theatre make a contribution to economic impact but were outside the remit of this study. An impact formula needs to be devised to assess their contribution, while ensuring that the danger of double-counting is avoided

## **Appendix A**

### Economic impact study responses

There were 22 responding venue-based organisations in the West Midlands (sorted by turnover, in descending order):

Royal Shakespeare Company  
Birmingham Hippodrome Theatre Trust  
Birmingham Repertory Theatre  
Grand Theatre, Wolverhampton  
Belgrade Theatre  
Warwick Arts Centre  
Midlands Arts Centre  
Malvern Theatres  
New Vic Theatre, Newcastle-Under-Lyme  
The Drum, Aston  
The Courtyard Theatre, Hereford  
Birmingham Alexandra  
The Music Hall, Shrewsbury  
Ludlow Assembly Rooms  
Arena Theatre, Wolverhampton  
Library Theatre, Solihull  
Oakengates Theatre, Telford  
Live and Local  
Black Country Touring  
Worcester Arts Workshop  
Arts Alive  
Old Rep Theatre, Birmingham



## Appendix B

Calculation of the economic impact of the West Midlands venues not originally included in the *Economic Impact of UK Theatre*:

|                              | Formula 1 (excluding turnover) | Formula 2 (including turnover) |
|------------------------------|--------------------------------|--------------------------------|
| The Courtyard, Hereford      | £4,172,851                     | £6,521,004                     |
| Ludlow Assembly Rooms        | £2,905,798                     | £3,627,026                     |
| The Drum, Aston              | £2,619,627                     | £5,891,997                     |
| Old Rep Theatre, Birmingham  | £903,444                       | £972,056                       |
| Arena Theatre, Wolverhampton | £724,136                       | £1,371,741                     |
| Arts Alive                   | £103,856                       | £255,232                       |

## **Appendix 5**

Council Officers Interviewed by the Courtyard Review Group – 15 November 2005

Natalia Silver – Cultural Services Manager  
Greg Evans – Principal Accountancy Manager  
Geoff Hughes – Director of Adult and Community Services  
Jon Ralph – Community Youth Service Manager  
Ted St. George – Head of School Effectiveness  
Paul Murray – General Inspector  
Colin Birks – Property Services Manager